



DEPARTMENT OF THE ARMY
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DOD CONTRACTOR PERSONNEL OFFICE
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20 October 2000

REPLY TO
ATTENTION OF

AEAGA-DOCPER (690-3g)

MEMORANDUM FOR Contracting Officer Representatives (CORs)

SUBJECT: Article X of the NATO Status of Forces Agreement

1. Recent correspondence from German authorities in Hessen, Rheinland-Pfalz, Baden-Württemberg, and Bayern, as well as inquiries from affected contractor employees indicate that a follow-up to my earlier letter dated 16 June 1999 is in order.
2. As I previously indicated, some accredited individuals, while not "ordinarily resident" under the criteria of 27 Mar 98 Exchange of Notes, may yet be found to bear a tax liability if they are present in Germany for reasons not connected to their role as a member of the civilian component. With respect to German income taxes, Article X of the NATO SOFA provides an exemption for members of the civilian component when the member's presence in the FRG is "by reason solely of his being a member."
3. Local German tax authorities are reviewing the TESA/TCSA accreditation applications to determine whether an individual contractor employee should receive the exemption from income taxation under Article X of the NATO SOFA. Our experience to date indicates that the German tax courts have found a member of the force or civilian component was not in Germany "solely" by reason of being a member of the force or civilian component when the member was married to a local national who worked on the local economy and lived off-post. In these cases, the member lost exemption under Article X and was subject to taxation on his/her worldwide personal income. While no cases involving technical experts and troop care provider employees have yet come before a German tax court, DoD contractor employees are cautioned that German authorities may attempt to assess and collect taxes on their income.
4. DOCPER remains interested in monitoring any such cases. CORs are asked to advise contractors that, should any approved technical expert or troop care provider receive a notice of a tax assessment, he/she is asked to notify the appropriate COR who should in turn notify DOCPER as soon as possible.
5. POC for this action is Mr. Robert Kelso, DSN 375-8996, e-mail at: kelsor@hq.hqusareur.army.mil.

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